



Town of Southern Shores

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Town of Southern Shores
Recessed Council Meeting
June 10, 2008
7:00 PM.-Pitts Center

Minutes

The Southern Shores Town Council met on June 10, 2008 in the Pitts Center.

The following Council Members were present: Mayor Don Smith, Brian McDonald, Jodi Hess, Kevin Stroud and Jim Pfizenmayer.

Also present were: Charles Read, Town Manager, Carrie Gordin, Town Clerk and Ike McRee, Town Attorney.

Mayor Smith reconvened the recessed meeting from June 3, 2008 to order at 7:00 p.m.

CONSENT AGENDA

Presented as follows: Municipal Insurance Trust of North Carolina Resolution and Interlocal Agreement for a Group Self-Insurance Pool for Benefit Risk Sharing, annual Audit Contract with Dowdy & Osborne, LLP in the amount of sixteen thousand and two hundred and fifty dollars and the re-appointment of Jay Russell and David Peckens to Planning Board each for a three-year term.

Council Member Hess moved to approve the Consent Agenda as presented. Council Member Pfizenmayer seconded. The motion passed with Mayor Smith and Council Members McDonald, Hess, Stroud, and Pfizenmayer voting aye; no council member voting no and no council member absent.

Mayor Smith stated before discussion is held on the FY2008-09 Budget he has comments to read:

Notes June 9, 2008 for Budget meeting.

Contrary to newspaper reports I do not support the 9 cent tax rate as proposed by the Town Manager, and will not support a budget that does not reduce the tax rate to below the 8.5 cent tax rate when I took office.

Although I do not support the recommended budget I believe our new Town Manager has done an outstanding job not only on this budget but in all his task and responsibilities. In fact I believe in his 5 months on the job he has performed better than any manager since I moved here 18 years ago. During tough times we must make difficult choices and Charlie realizes this and he has already made some changes with recycling, life guard service, and chipping with the support of council. He realizes we must find ways to run the town more efficiently and reducing the beauracy, regulations and having more personal responsibility.

As I have state the town tax rate has gone up 40% during the last 4 years and I find this to be a dangerous trend and an abuse of our taxpayers. We have been in an economic slow down for more than a year and now in a recession that will probably get deeper. Those that have no problem raising taxes and wasting money I appeal to you to stop hurting those on fixed incomes and our working middle class, etc.

We are facing the price of oil which has doubled in the last year driving food costs, gas, and insurance and virtual everything we must purchase to levels that will result with inflation, which in turn will make matters worst for those already facing tough times.

We have the worst housing market in my life time rising foreclosures, rising unemployment, a stock market that has lost close to 2, 000 points since last October resulting in the lose of trillions of dollars in net worth. These loses fall the hardest on those trying to save for retirement, etc. I realize there are those in town which represent the minority who are fine with raising taxes because the increase means nothing to them. I would hope those wealthy folks would lend a helping hand and take on more personal responsibility.

A former councilmember stated recently to raise taxes after all an increase to 10 cents for him would be only \$27.00 and he can live without the money. Let me remind him and others the late senator Evert Dirksen said a million here and a million there and before you know it you are dealing with real money. This former member supported increasing taxes 40% in the last 4 years and still doesn't get it. This last Friday I traveled to NY and the cost of gas at the boarder station increased by 20 cents from Friday to Saturday. The 27 dollars use to fill up my tank now about a third of a tank of gas. I would rather have the money in my wallet than government. At least I will use it to purchase necessities. I wish I had money trees in my back yard so the cost of gas now over \$4.00 could go to \$8.00 and would not matter but that is not the case.

The economy is the worst it has been since I began working over 30 years ago and if this council refuses to cut the tax rate significantly than I ask when? We need to reduce the tax rate to below the 8.5 cent rate of two years ago. We need to reduce the undesignated fund balance to no more than 50% and give our taxpayers a break. There are those that will comment that we will lose shared revenues by reducing our tax rate and we all know this however we must lead by example and do the right thing and reduce taxes. Let me remind the two new members of council the promises you made to our voters when campaigning and to council member McDonald last year you voted against the tax increase with the economy in bad shape and today it is far worse. In closing failure to reduce the tax burden will be a clear indication that more tax increase will be on the horizon along with more wasteful spending.

I am again asking Council to give our taxpayers a break. Don Smith, Mayor

FY2008-09 BUDGET

Charlie Read, Town Manager, stated the proposed FY2008-09 Budget Ordinance as presented reflects a tax rate of \$0.0975. He stated this budget incorporates changes, as directed by Council, from the \$0.0900 cent proposed budget. He asked Council to review and consider tonight approval of the FY2008-09 Budget.

[Clerk's Note: A copy of noted changes is hereby attached as Exhibit A].

Council Member McDonald stated to fund the Capital Improvement Plan adequately it will require having four to five million dollars.

During discussion Council Members McDonald and Hess stated they support the nine and three-quarter cent tax rate.

Council Member Stroud stated he does not support having 2.7 million dollars in the undesignated fund balance or a nine and three-quarter cent tax rate. He would like to see a reduced tax rate even if it's only a half cent. He stated the town still has the \$200,000 that has not been spent on the canals.

Council Member Pfizenmayer stated it sounds good to have low taxes. He stated council asked the manager to present a budget and he submitted a budget with a nine cent tax rate. Council should support the Manager's budget and vote for it. The Manager knows what is needed.

Council Member Hess stated the budget presented shows a tax rate of nine and three-quarters on the revenue side and a nine-cent tax rate on the expense side. If the town doesn't get grant money for the canal dredging then there will be no money. She stated road improvements are going to be expensive since no repairs have been done over several years.

Council Member Stroud stated sitting on 2.7 million in the undesignated fund balance is not right. He stated over time a \$10-20 increase to a tax payer is a big deal. Council should try to keep the tax rate low. Council Member McDonald stated there is going to be some capital spending over the next 3-4 years and there needs to be discussion on alternative funding sources.

Council Member Hess stated she doesn't agree with including \$30,000 in the budget for a grant writer when we are trying to cut the budget. She stated by including council compensation an additional \$1500 has been added for FICA.

She asked the Manager if a job description will be provided and the position advertised for the grant writer position. The Town Manager said yes.

The Town Manager stated grant writers can work on a contingency basis and receive a percentage of the grant money but they don't always look out for the best interest of the town. He stated the grant writer would work under close supervision and the position is designed to pay for itself and work on grants for such things as related to the Capital Improvement Plan.

Council Member McDonald stated the road improvements could be financed or the undesignated fund balance could be used but it is time that the Town does something. He stated in the near future the town will be required to pay a share of the Viper radio communication system and it will be costly.

Mayor Smith stated the tendency of Council is to react by listening to six or eight people who speak at the budget hearing. He stated the town has increased taxes by 40% over the past four years and property values are going down. He doesn't feel the roads are in bad shape but he is willing to finance road improvements over a twenty-year period. He stated he promised the citizens when he ran for Mayor that he would not raise taxes and he is keeping his word, your word is your bond. He stated the Town Manager proposed a nine-cent tax rate but he will not vote for it.

Council Member McDonald stated he wants to see things get done and nothing has been done in the past three years. He asked the Town Manager if projects can be done with a nine-cent tax rate. The Town Manager stated it is not known and we still don't know what the canal dredging costs are going to be.

Bonnie Swain, Finance Officer, stated she has met with representatives from Wachovia Bank and is waiting to hear from them to see how much money the Town can borrow over a 7-10 year period and use the Powell Bill money with a matching amount to pay back the loan.

Hearing no other comments Council Member Hess moved to adopt the FY2008-06-01 Budget Ordinance as presented with a nine and three-quarter tax rate. Council Member McDonald seconded. The motion passed with Council Members Hess, McDonald, Pfizenmayer voting aye; Mayor Smith and Council Member Stroud voting no and no council member absent.

[Clerk's Note: A copy of FY2008-09 Budget Ordinance 2008-06-01 is hereby attached as Exhibit B].

Hearing no other business Mayor Smith moved to adjourn the meeting at 7:40 p.m. Council Member McDonald seconded. The motion passed with Mayor Smith and Council Members McDonald, Hess, Stroud, and Pfizenmayer voting aye; no council member voting no and no council member absent.

ATTEST:



Respectfully submitted:



Carrie Gordin, Town Clerk

Exhibit A

The budget document before you represents a budget that reflects a tax rate of \$0.0975.

- **Administration** under the merit program instead of salaries, thus the merit line shows an increase.
- FICA reflects an increase of \$1500.00 for Council Compensation
- Employee insurance premiums have been reduced \$7,800.00
- Contracted Services have been increased by \$30,000.00 for a Grant Writer
- Monies budgeted for the Volunteer Luncheon and the 30th Anniversary Celebration have been taken out of contingency and are budgeted under it's own line item
- The amount being transferred into the Capital Reserve Fund is \$187,321.00.

Code Enforcement

- Employee insurance premiums have been reduced by \$1,300.00

Police

- Employee insurance premiums have been reduced by \$6,000.00

Public Works

- Employee insurance premiums have been reduced by \$2,000.00
- Projects have increased by \$39,000.00. This is to fund the construction of a bathroom at the Public Works building, to install a new fence around the Public Works storage building and to have storm shutters installed on the Town Hall.
- The 2 capital projects in this budget are the East Holly Trail Cul-de-sac and the Cemetery Road. The amount budgeted for the East Holly Trail project is \$65,000.00 and the Cemetery Road is \$30,000.00 for a total of \$95,000.00.

Exhibit B

Ordinance No. 2008-06- 01

An Ordinance of the Southern Shores Town Council Adopting a Budget and Tax Rate for FY 2008-09

BE IT ORDAINED by the Town Council of the Town of Southern Shores, North Carolina that the following be the budget for FY 2008-09:

SECTION I, GENERAL FUND

- A. Appropriations: The following amounts are appropriated for the operation of the Town government and its activities for the fiscal year beginning July 1, 2008 and ending June 30, 2009:

Administration Department	\$732,800
Code Enforcement & Inspections Department	\$204,450
Fire Department	\$291,400
Ocean Rescue	\$128,000
Police Department	\$953,404
Public Works Department	\$699,755
Sanitation Department	\$492,500
Transfer to Capital Reserve Fund	<u>\$187,321</u>
Total General Fund Appropriations	\$3,689,630

- B. Estimated Revenues: It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2008 and ending June 30, 2009 to meet foregoing appropriations:

Property Taxes- Current Year	\$1,665,000
Vehicle Taxes- Current Year	\$ 30,000
Property & Vehicle Taxes- Prior Years, Penalties and Interest	\$ 6,500
Subtotal: Property and Vehicle Taxes	\$1,701,500

Land Transfer	\$150,000
Local Option Sales Tax	\$540,000
Occupancy Tax	\$605,000
Other Intergovernmental Revenues	\$444,575
Building Permits & Fees	\$104,300
Other Revenues	\$144,255
Subtotal: Other Revenues	\$1,988,130

Total General Fund Revenues **\$3,689,630**

SECTION II, TAX RATE ESTABLISHED

There is hereby levied a property tax of nine and three fourths cents (\$0.0975) on each one hundred dollars (\$100) valuation of taxable property in the Town of Southern Shores, as listed for taxes for the current year by the Dare County Tax Department.

SECTION III, TOWN MANAGER TRANSFER AUTHORIZATION

The Town Manager shall be authorized to reallocate departmental appropriations among the various objects of expenditures as he believes necessary and is also authorized to make interdepartmental transfers, within the same fund, not to exceed 10% of the appropriated monies for the department whose allocation is reduced.

SECTION IV, TOWN MANAGER RESTRICTIONS

Council must preauthorize the use of any contingency appropriations.

Other than salary increases in the budget document, no salary increases may be made without the Council's approval.

Interfund transfers that are not established in the budget document may be accomplished only with the prior authorization of the Council.

SECTION V, UTILIZATION OF BUDGET AND BUDGET ORDINANCE

This Ordinance and the Budget Document shall be the basis of the financial plan for the Town of Southern Shores, North Carolina Municipal Government during the fiscal year 2008-2009.

ADOPTED this 10th day of June, 2008

ATTEST:

Mayor Pro Tem, Brian McDonald

SEAL

Carrie Gordin, Town Clerk